

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 PHNOM PENH 0149

FOR STATE/AID

FOR AID/AA/SA NOOTER AND EA INGERSOLL FROM ENDERS AND OLMSTEYD

E.O. 11652: GDS

TAGS: EAID, CB

SUGJ: ECONOMIC POLICY AND PROGRAMS IN CAMBODIA - STAFFING
REQUIREMENTS

1. AS RECENT MESSAGES, PARTICULARLY THOSE ON ECONOMIC POLICY, HYPERINFLATION, CAMBODIA RESUPPLY, RICE AND AID LEVELS, HAVE OUTLINED, THE GROWING SEVERITY OF THE ECONOMIC SITUATION IN CAMBODIA LOOMS AS ONE OF THE MAJOR THREATS TO THE REALIZATION OF OUR OVERALL POLICY OBJECTIVES. THE ABILITY OF THE NEW LONG BORET GOVERNMENT TO DEAL WITH THESE ECONOMIC PROBLEMS WILL DEPEND IN CONSIDERABLE DEGREE UPON A GREATER U.S. ASSISTANCE EFFORT. OUR AID THEREFORE, WHICH IN THE PAST WAS OCCUPIED PRIMARILY WITH THE MANAGEMENT OF THE IMPORT PROGRAM, IS NOW OF NECESSITY CONCERNED WITH A MUCH BROADER RANGE OF ECONOMIC PROBLEMS. PREVIOUS MESSAGES HAVE DEALT WITH THE FUNDING REQUIREMENT TO SUPPORT THE NEW ECONOMIC POLICY MEASURES WE HAVE BEEN NEGOTIATING WITH THE NEW GOVERNMENT. THIS MESSAGE DEALS WITH ADDITIONAL STAFFING REQUIREMENTS ASSOCIATED WITH THIS EFFORT, AND REQUESTS APPROVAL OF AUGMENTED STAFF CAPACITY.

2. WHILE IT IS CLEAR THAT OUR EFFECTIVE SUPPORT OF THE CAMBODIAN ECONOMY WILL REQUIRE ADDITIONAL STAFF, THE PROBLEM IS HOW TO ACCOMPLISH THIS CONSISTENT WITH PRIORITY REQUIREMENTS FOR
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PERSONNEL AND THE OVERALL LIMIT ON THE STAFF IN CAMBODIA. WE

PROPOSE TO MEET THIS PROBLEM BY INCREASING THE AID STAFF FROM THE CURRENT LEVEL OF 24 TO A NEW TOTAL OF 33. HOWEVER, THE LEVEL OF 24 AUTHORIZED TO BE IN CAMBODIA WOULD REMAIN IN FORCE AND THE BALANCE WOULD BE RESIDENT IN BANGKOK WITH THE KHMER SUPPORT OFFICE IN BANGKOK (WHICH CURRENTLY PROVIDES ACCOUNTING SERVICES) INCREASED ACCORDINGLY. SINCE SOME OF THE NEW POSITIONS WOULD NEED TO BE IN PHNOM PENH, THEREFORE SOME EXISTING PHNOM PENH POSITIONS WOULD BE TRANSFERRED TO BANGKOK. THE NEW POSITIONS WHICH ARE PROPOSED ARE (1) LOGISTICIAN (2) BUDGET EXPERT (3) SENIOR GENERAL ENGINEER (4) AGRICULTURAL SPECIALIST (5) REINSTITUTING THIRD ECONOMIST POSITION (6) ASSISTANT PROGRAM AND PL 480 OFFICER (7) PROGRAM ANALYST (8) REFUGEE PROGRAM ASSISTANT AND (9) SECRETARY. A SUMMARY OF THESE POSITIONS FOLLOWS:

A. LOGISTICIAN: MAINTAINING A STEADY FLOW OF NEEDED IMPORTS IS REQUIRING CONTINUALLY MORE STAFF TIME BEING DEVOTED TO SUCH PROBLEMS AS RICE CONVOY ASSEMBLY AND MANAGEMENT, ASSURING THAT BUNKERING FACILITIES FOR RICE VESSELS ARE OBTAINED, THAT THE PORT OF PHNOM PENH IS ORGANIZED TO OFFLOAD VESSELS CONSISTENT WITH THE CONVOY CYCLE AND A WHOLE HOST OF SIMILAR LOGISTICAL PROBLEMS. IF THIS IS TO BE ACHIEVED WITHOUT A SERIOUS DETERIORATION IN THE ONGOING MANAGEMENT OF THE IMPORT PROGRAM, AN ADDITIONAL STAFF MEMBER WILL BE REQUIRED FULL TIME IN PHNOM PENH TO HANDLE LOGISTICAL PROBLEMS.

B. BUDGET EXPERT. OF ALL THE ECONOMIC AREAS, NONE IS MORE IMPORTANT FOR US THAN GKR FISCAL MANAGEMENT. IN PARTICULAR, THIS REQUIRES GREATER STAFF SUPPORT ON GKR BUDGETARY PROBLEMS, PARTICULARLY

IN THE AREA OF THE DEFENSE BUDGET AND MANAGEMENT OF DEFENSE FINANCES. AMERICAN BUDGET EXPERTISE IS ABSOLUTELY ESSENTIAL BOTH TO US AND THE GKR IF WE ARE TO GET A BETTER HANDLE ON THIS THORNY PROBLEM AND SEE THAT THE GKR MAKES SIGNIFICANT PROGRESS. FAILURE OF THE GKR TO MAKE PROGRESS IN THIS PROBLEM AREA COULD WELL UNDERMINE OUR OTHER EFFORTS IN CAMBODIA. WE HAVE DRAWN UPON TDY SERVICES IN THE RECENT PAST IN ORDER TO MAKE SOME INROADS, BUT IT IS CLEAR THAT A FULL TIME POSITION IS REQUIRED.

C. SENIOR GENERAL ENGINEER. IN ADDITION TO AN ASSURED FLOW OF ESSENTIAL COMMODITIES, BOTH DOMESTIC AND IMPORTED OUR ECONOMIC

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STRATEGY REQUIRES THAT THOSE PUBLIC SERVICES WITHOUT WHICH THE ECONOMY COULD NOT SURVIVE ARE FUNCTIONING AND IN SOME CASES UPGRADED. THE STAFF MUST BE ABLE TO DEAL WITH A WIDE NUMBER OF INFRASTRUCTURE SUPPORT ACTIVITIES. MOST OF THESE ACTIVITIES REQUIRE PROFESSIONAL ENGINEERING REVIEW AND SUPERVISION, A CAPABILITY WHICH THE STAFF DOES NOT NOW HAVE. WHILE WE HAVE SUCCESSFULLY MET SOME OF THE PUBLIC SECTOR NEEDS IN THE PAST ON AN AD HOC BASIS, WE CANNOT EXPECT TO MEET THESE INFRASTRUCTURE

REQUIREMENTS WITHOUT TECHNICAL COMPETENCE. AN ENGINEER WILL BE REQUIRED TO FIT THIS ROLE.

D. AGRICULTURAL SPECIALIST. THE MAINTENANCE OF SUPPLY, PARTICULARLY FOR DOMESTIC AGRICULTURAL COMMODITIES, HAS NOW BECOME AN AREA OF PRIMARY CONCERN IN THE GKR'S ANNOUNCED NEW ECONOMIC POLICY. DECREASING LAND AVAILABILITIES IN GKR HELD AREAS REQUIRES THAT PRODUCTIVITY (WHICH IS NOW RELATIVELY LOW) BE INCREASED. RICE PRODUCTION STRATEGIES NEED TO BE IMPROVED AND DOVETAILED WITH FERTILIZER, SEED AND IRRIGATION EFFORTS. VEGETABLE, POULTRY AND FISH PRODUCTION WILL HAVE TO BE INCREASED. IN SHORT, THERE IS MUCH THAT CAN BE DONE TO AUGMENT THE SUPPLY OF DOMESTIC AGRICULTURAL COMMODITIES IN THE NEAR TERM BUT THIS TOO REQUIRES AN AGRICULTURAL CAPABILITY THAT THE STAFF DOES NOT NOW POSSESS. A SENIOR AGRICULTURAL SPECIALIST WOULD FILL THIS REQUIREMENT.

E. THIRD ECONOMIST POSITION. THE ACHIEVEMENT OF OUR NEW ECONOMIC POLICY GOALS WILL REQUIRE A BROADENING OF OUR ECONOMIST STAFF. THE PURSUIT OF U.S. POLICY OBJECTIVES REQUIRES A BROAD CONCERN WITH MANY FACETS OF ECONOMIC POLICY, AN ABILITY TO ANALYZE AND DEVELOP ECONOMIC POLICY PRESCRIPTIONS AND ALTERNATIVES AND THE CAPACITY TO NEGOTIATE THESE WITH THE KHMER GOVERNMENT AS WELL AS HELP THE GKR INSTITUTE THEIR EXECUTION. AT THE MOMENT THIS IS A PARTICULARLY PILLAR POST OPERATION WHERE MANY CONCLUSIONS ON OUR PART ARE OF NECESSITY REACHED ON THE BASIS OF INTUITIVE JUDGMENT RATHER THAN HARD ANALYSIS. THERE ARE VAST AREAS OF THE KHMER

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ACTION EA-14

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ECONOMY WHICH WE HAVE BARELY RESEARCHED. THIS VITAL INFORMATIONAL GAP MUST BE FILLED IF OUR POLICY PRESCRIPTIONS ARE TO SUCCEED. THE KHMER GOVERNMENT TOO MUST HAVE GREATER CAPACITY TO DESIGN AND EXECUTE ECONOMIC POLICIES. REINSTATING A THIRD ECONOMIST POSITION WILL GREATLY HELP TO BREACH THIS GAP.

F. ASSISTANT PROGRAM OFFICER AND PROGRAM ANALYST. THERE IS A COMPELLING NEED TO PLAN, EXECUTE, ANALYZE AND REPORT ON OUR ECONOMIC PROGRAMS. WE ALSO HAVE NEED FOR BETTER COORDINATION OF OUR ACTIVITIES WITH OTHER DONORS OR POTENTIAL DONORS SUCH AS JAPAN, WEST GERMANY, AUSTRALIA AND THE UNDP.*THESE HAVE BEEN FUNCTIONS THAT HAVE NOT BEEN CARRIED OUT IN THE PAST AS OUR TWO PROGRAM OFFICERS HAVE BEEN, OF NECESSITY, CONCERNED WITH OPERATIONAL PROBLEMS. ANOTHER IMPORTANT AREA IS THE PL 480 PROGRAM WHICH HAS GROWN FROM \$20.6 MILLION IN FY72 TO \$170.7 MILLION IN FY74. THE ANALYSIS AND NEGOTIATION OF PL 480 PROGRAMS AND THE SUPERVISION OF THEIR IMPLEMENTATION HAS BECOME MORE THAN A FULL-TIME JOB FOR AT LEAST ONE PROFESSIONAL STAFF MEMBER. IN ORDER TO ADEQUATELY COVER THESE AREAS*WE WILL REQUIRE AN ADDITIONAL ASSISTANT PROGRAM OFFICER AND A JUNIOR PROGRAM ANALYST.

G. JUNIOR REFUGEE ASSISTANT. TO MEET THE PROBLEM * OVER ONE MILLION WAR DISPLACED PERSONS, WE HAVE ALREADY PUT IN TRAIN STAFF INCREASES. THE PRINCIPAL FUNCTION OF THAT AUGMENTED STAFF WILL BE THE CREATION OF A NEW KHMER ACTION ORGANIZATION TO UNDERTAKE RESETTLEMENT OF ONE QUARTER MILLION REFUGEES. THE IMPETUS BEHIND
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THIS IS NOT ONLY HUMANITARIAN BUT ECONOMIC. THE SHORT TERM GOAL IS TO TURN THESE REFUGEES TO SUCH PURSUITS AS WILL MAKE THEM AN ECONOMIC ASSET PARTICULARLY IN HELPING TO SUPPLY PHNOM PENH WITH ESSENTIAL DOMESTIC AGRICULTURAL AND LIVESTOCK PRODUCTS. THIS WILL BE AN ALL CONSUMING TASK OF THE NEW STAFF AND IF THEY ARE TO ACHIEVE SUCCESS THEY WILL NEED TO DEVOT THEIR FULL TIME FOR THIS JOB. THERE WILL BE NONTHELESS, A PROGRAM DOCUMENTATION AND REPORTING REQUIREMENT THAT WILL HAVE TO BE FILLED. WE PROPOSE TO ADD A REFUGEE ASSISTANT WHICH WOULD FILL THIS REQUIREMENT.

3. OF THESE NEWLY PROPOSED POSITIONS, THE LOGISTICIAN, BUDGET EXPERT AND GENETAL ENGINEER WOULD BE RESIDENT IN PHNOM PENH ASAP AND PERHAPS SUBSEQUENTLY THE AGRICULTURAL SPECIALIST. THE BALANCE WOULD BE RESIDENT IN BANGKOK. TO MAKE ROOM FOR THE NEW POSITIONS WE PROPOSE TO TRANSFER A GREATER PART OF THE CONTROLLER FUNCTION TO BANGKOK (SPECIFICALLY THE AMERICAN ACCOUNTANT AND ACCOUNTING FUNCTION). WE PROPOSED ALSO TO MOVE ONE OF THE ASSISTANT SUPPLY OFFICERS TO BANGKOK AND HAVE TWO OF THE ECONOMISTS RESIDENT THERE. TWO OF THE FOUR PROGRAM OFFICER POSITIONS WOULD BE IN BANGKOK AS WOULD THE REFUGEE PROGRAM ASSISTANT WHO WOULD BE PRINCIPALLY CONCERNED WITH PROGRAMMING AND DOCUMENTATION. THE ADDITIONAL SECRETARY WOULD BE REQUIRED FOR THE BANGKOK STAFF.

4. WITH REGARD TO STAFF PRESENCE IN PHNOM PENH, WE ASSUME THAT THE PHNOM PENH BASED STAFF WOULD SPEND ONE QUARTER OF THEIR TIME IN BANGKOK ON CERTAIN ASPECTS OF THEIR JOB. WE ASSUME THAT THE BANGKOK BASED STAFF WOULD SPEND (WITH THE EXCEPTION OF THE SECRETARY) ABOUT ONE THIRD OF THEIR TIME IN PHNOM PENH IN ORDER TO PERFORM THEIR JOB EFFECTIVELY. ON THIS BASIS WE ESTIMATE THAT, ON THE AVERAGE, STAFF IN PHNOM PENH WOULD BE SOMETHING LESS THAN THE 24 PHNOM PENH POSITIONS AUTHORIZED. THIS WILL BE SUBJECT TO FLUCTUATION. IT IS RECOGNIZED THAT THE OVERALL REQUIREMENTS OF THE USG IN CAMBODIA MAY, FROM TIME TO TIME, REQUIRE THAT EVEN FEWER BE IN PHNOM PENH. AT THE SAME TIME, WITH OCCASIONAL NEED FOR SPECIALIZED ASSISTANCE ON TDY BASIS (WHICH WE THINK WILL BE LESS THAN AT PRESENT) THE STAFF IN PHNOM PENH MAY OCCASIONALLY BE GREATER THAN 24. THE DAY-TO-DAY AND WEEK-TO-WEEK AID STAFF IN PHNOM PENH WILL BE CLOSELY COORDINATED WITH OTHER USG ELEMENTS AND UNDER THE OVERALL SUPERVISION OF THE AMBASSADOR OR CHARGE' AND THE DCM.

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5. WE RECOGNIZE THAT HAVING SOME OF THE FUNCTIONS PERFORMED IN BANGKOK AND SOME IN PHNOM PENH INVOLVE INEFFICIENCIES BUT WE BELIEVE THE GREATER INEFFICIENCY WOULD BE NOT TO PERFORM THESE FUNCTIONS AT ALL. WE BELIEVE THAT WITH GOOD TRANSPORTATION AND COMMUNICATION FACILITIES THE MOST DIFFICULT OF THESE DEFICIENCIES CAN BE OVERCOME. WE ALREADY HAVE A FIELD PHONE TELEPHONIC CONNECTION WITH USAID/BANGKOK AND THIS CAN BE IMPROVED FURTHER. WE HAVE EXPLORED, AND FIND IT FEASIBLE, TO MAKE ARRANGEMENTS FOR THE KIND OF AIR TRANSPORTATION FACILITIES FOR MOVEMENT OF PERSONNEL AND THE FLOW OF OFFICIAL DOCUMENTS, WHICH WILL BE NECESSARY TO MAKE THIS OPERATION WORK.

6. REQUEST FOR ACTION. WE REQUEST WASHINGTON APPROVAL OF THE OVERALL INCREASE IN AID STAFF FROM 24 TO 33, ON THE BASIS OF 24 CONTINUING TO BE THE AUTHORIZED PHNOM PENH LEVEL AND THE BALANCE BEING BASED IN A KHMER SUPPORT OFFICE IN BANGKOK. WHILE THERE WILL BE PROBLEMS INVOLVED, WE BELIEVE THE RECOMMENDATIONS IN THIS MESSAGE WILL BEST SERVE U.S. POLICY AND PROGRAM INTERESTS IN THE KHMER REPUBLIC.
ENDERS

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